

IC 21-6.1-3

Chapter 3. Teacher Retirement Fund Board

IC 21-6.1-3-1

Composition; appointment

Sec. 1. Composition; Appointment. The board of trustees is composed of five (5) persons appointed by the governor, not less than two (2) of whom are members of the fund. The governor shall make these appointments after June 30 and before July 16 each year.
As added by Acts 1976, P.L.111, SEC.1.

IC 21-6.1-3-2

Term of office

Sec. 2. Term of Office. Each trustee shall serve a term of four (4) years, beginning on August 1 following appointment. When a trustee is appointed to fill a vacancy caused by death or resignation, that trustee shall serve the unexpired term of his predecessor. A trustee shall serve until his successor is appointed and qualified.
As added by Acts 1976, P.L.111, SEC.1.

IC 21-6.1-3-3

Officers

Sec. 3. Annually on or before the September monthly meeting, the board shall organize by the election from its members of a president, vice president, and secretary to serve as officers of the board. Each officer shall serve a term of one (1) year or until his successor is elected and qualified.
As added by Acts 1976, P.L.111, SEC.1. Amended by P.L.22-1993, SEC.7.

IC 21-6.1-3-4

Expenses; special meetings; quorum

Sec. 4. (a) On the board's order, the trustees shall receive the same per diem, mileage, and travel allowances paid to members of the general assembly serving on interim study committees established by the legislative council. These costs shall be paid from resources at the disposal of the fund.

(b) Special meetings may be conducted on the call of the president or on the signed call of three (3) trustees.

(c) A majority of the board constitutes a quorum at any meeting for transacting business.

As added by Acts 1976, P.L.111, SEC.1. Amended by P.L.221-1985, SEC.3; P.L.162-1997, SEC.1.

IC 21-6.1-3-5

Director of fund; appointment; duties

Sec. 5. (a) The governor shall appoint a director from members of the fund. Subject only to the governor's approval, the board shall fix the salary of the director.

(b) The director shall:

- (1) maintain a record of the board's proceedings;
- (2) be responsible for the safekeeping of the books and records of the department; and
- (3) give bond as fixed by the board.

As added by Acts 1976, P.L.111, SEC.1. Amended by P.L.5-1990, SEC.14.

IC 21-6.1-3-6

Board's duties

Sec. 6. (a) Each trustee shall give bond as specified periodically by the state board of finance.

(b) The board shall do all of the following:

- (1) Act on each application for benefits.
- (2) Provide the necessary forms for administering the fund.
- (3) Establish records and accounts, which provide the necessary information for an actuary's examination and which are sanctioned by the state board of accounts.
- (4) Maintain individual records for each member of the fund containing:
 - (A) the member's name;
 - (B) date of birth;
 - (C) age at beginning service;
 - (D) service record;
 - (E) address;
 - (F) the member's contributions to the fund;
 - (G) amounts withdrawn;
 - (H) benefits paid; and
 - (I) other items considered necessary.
- (5) Employ or contract with employees, auditors, technical experts, legal counsel, and other service providers as it considers necessary to transact the business of the fund without the approval of any state officer, and fix their compensation.
- (6) Make rules as are required to administer the fund.
- (7) Publish for the members' information a synopsis of the fund's condition.
- (8) Provide for a report at least annually, before June 1, to each member of the value of the amount credited to the member in the annuity savings account in each investment program under IC 5-10.2-2.
- (9) Provide for the installation in the general office of a complete system of books, accounts (including reserve accounts), and records in order to give effect to all the requirements of this article and to ensure the proper operation of the fund.
- (10) Appoint an actuary.
- (11) With the advice of the actuary, adopt actuarial tables and compile data needed for actuarial studies that are necessary for the fund's operation.
- (12) Adopt a budget on a calendar year or fiscal year basis that is sufficient, as determined by the board, to perform the board's

duties and, as appropriate and reasonable, draw upon fund assets to fund the budget.

(13) Expend money, including income from the fund's investments, for effectuating the fund's purposes.

(14) Establish personnel programs and policies for its employees.

(15) Submit a report of its activities each year to the governor, the pension management oversight commission, and the budget committee before November 1 of each year. The report under this subdivision must set forth a complete operating and financial statement covering its operations during the most recent fiscal year, including information on the following:

(A) Investment performance.

(B) Investment and administrative costs as a percentage of assets under management.

(C) Investment asset allocation strategy.

(D) Member services.

(E) Member communications.

(16) Establish a code of ethics or decide to be under the jurisdiction and rules adopted by the state ethics commission.

As added by Acts 1976, P.L.111, SEC.1. Amended by Acts 1979, P.L.17, SEC.30; P.L.35-1985, SEC.27; P.L.54-1993, SEC.18; P.L.119-2000, SEC.6.

IC 21-6.1-3-6.1

Annual analysis of fund

Sec. 6.1. The board shall annually analyze for internal control purposes the fund's:

(1) income and expenditures;

(2) actuarial condition;

(3) reserve accounts;

(4) investments; and

(5) such other data as necessary to interpret the fund's condition and the board's administration of the fund.

As added by Acts 1979, P.L.17, SEC.31.

IC 21-6.1-3-7

Board's powers

Sec. 7. (a) The board may do any of the following:

(1) Adopt and enforce rules and regulations regarding the fund's administration and the control and investment of the fund.

(2) Bond employees for the fund's protection.

(3) Receive from the federal government the state's share of the cost of the pension contribution for a member on leave of absence to work in a federally supported educational project.

(4) Sue and be sued as the board of trustees of the Indiana state teachers' retirement fund.

(5) Summon and examine witnesses when adjusting claims.

(6) Require, when adjusting disability claims, medical examinations by doctors approved or appointed by the board;

however, not more than two (2) examinations may be conducted in one (1) year.

(7) Conduct investigations to help determine the merit of a claim.

(8) Meet any emergency which may arise in the administration of its trust.

(9) Determine other matters regarding its trust which are not specified.

(10) Enter into agreements with one (1) or more insurance companies to provide life, hospitalization, surgical, medical, dental, vision, long term care, or supplemental Medicare insurance, utilizing individual or group insurance policies for retired teachers, and, upon authorization of the respective retired teacher, deduct premium payments for such policies from the teachers' retirement benefits and remit the payments to the insurance companies.

(11) Enter into agreements with one (1) or more insurance companies to provide annuities for retired teachers and upon a member's authorization transfer the amount credited to the member in the annuity savings account to the insurance companies.

(12) Exercise all powers necessary, convenient, or appropriate to carry out and effectuate its public and corporate purposes and to conduct its business.

(13) Establish and amend rules and regulations:

(A) for the administration and regulation of the fund and the board's affairs; and

(B) to effectuate the powers and purposes of the board; without adopting a rule under IC 4-22-2.

(b) An agreement under subsection (a)(10) may be for a duration of three (3) years.

(c) This subsection does not apply to:

(1) an agreement under subsection (a)(10); or

(2) investments of the board.

A contract that the board enters into under section 9(b) of this chapter or any other provision may be for a term of not more than five (5) years, with an ability to renew thereafter.

(d) The board's powers and the fund's powers specified in this chapter shall be interpreted broadly to effectuate the purposes of this chapter and may not be construed as a limitation of powers.

As added by Acts 1976, P.L.111, SEC.1. Amended by Acts 1977(ss), P.L.1, SEC.3; P.L.35-1985, SEC.28; P.L.43-1991, SEC.6; P.L.22-1998, SEC.9; P.L.119-2000, SEC.7; P.L.61-2002, SEC.11.

IC 21-6.1-3-8

Fund property and procedures of financial administration

Sec. 8. (a) The board is responsible for the fund's property. The board may take and hold any property given outright or on condition to the fund. The board shall perform the conditions so accepted. Unless restricted by a condition, the board may transfer the property

when necessary for the fund's benefit.

(b) The board shall receipt for all property belonging to or coming into the fund and shall judiciously invest it. The board shall receipt for all money coming into the fund and, except as specified in sections 13 and 15 of this chapter, shall deposit them with the state treasurer in the same manner as is required of other state funds by IC 5-13.

(c) The board shall make quarterly reports to the state auditor as are required by law for the transference of the fund to the state auditor's books.

(d) The board shall direct the fund's disbursements on itemized vouchers to the state auditor approved by the president and director of the board or, in the absence or incapacity of both officers, by another trustee directed by order of the board. The state auditor shall then issue his warrant on the state treasurer.

As added by Acts 1976, P.L.111, SEC.1. Amended by P.L.221-1985, SEC.4; P.L.19-1987, SEC.42; P.L.5-1990, SEC.15.

IC 21-6.1-3-9

Investments; contracts for management of investment property; exemptions; sale of real property

Sec. 9. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, subject to the limitations and restrictions set forth in IC 5-10.2-2-18.

(b) The board may:

- (1) make or have made investigations concerning investments; and
- (2) contract for and employ investment counsel to advise and assist in the purchase and sale of securities.

(c) The board is not subject to IC 4-13, IC 4-13.6, or IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency for approval. A contract for the management of real property as an investment:

- (1) may not exceed a four (4) year term and must be based upon guidelines established by the board;
- (2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs;
- (3) shall establish, consistent with the board's duty under IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to purchase new properties, contract for the construction or repair of properties, and lease or sell properties without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all of the following:

(1) Each beneficiary of the trust.

(2) Each settlor empowered to revoke or modify the trust.

As added by Acts 1976, P.L.111, SEC.1. Amended by P.L.41-1983, SEC.12; P.L.46-1988, SEC.11; P.L.3-1989, SEC.127; P.L.336-1989(ss), SEC.38; P.L.1-1991, SEC.143; P.L.55-1993, SEC.3; P.L.37-1996, SEC.2; P.L.49-1997, SEC.61; P.L.1-2002, SEC.88; P.L.224-2003, SEC.188.

IC 21-6.1-3-9.1

Board transactions subject to qualification requirements of Internal Revenue Code

Sec. 9.1. The board's transactions under section 9 of this chapter are subject to IC 5-10.2-2-1.5.

As added by P.L.55-1989, SEC.31.

IC 21-6.1-3-10 Repealed

(Repealed by P.L.41-1983, SEC.15.)

IC 21-6.1-3-11

Form of securities

Sec. 11. Form of the Securities. Each security may be held in bearer form or registered in the name of:

(1) the Indiana state teachers' retirement fund;

(2) a nominee created by the board; or

(3) a nominee of a custodian bank or safekeeping bank, approved by the board.

As added by Acts 1976, P.L.111, SEC.1.

IC 21-6.1-3-12

Repealed

(Repealed by Acts 1982, P.L.37, SEC.6.)

IC 21-6.1-3-13

Custodial agreements

Sec. 13. (a) The board may enter into a custodial agreement on terms the board considers in the best interest of the fund with a bank or trust company that is domiciled in the United States and approved by the Indiana department of financial institutions under

IC 28-1-2-39 to:

- (1) act in a fiduciary capacity; and
- (2) manage custodial accounts;

in Indiana.

(b) The agreement described in subsection (a) may authorize the custodian to:

- (1) hold the fund's securities and other investments in the name of the fund or a nominee, or in bearer form;
- (2) collect the income and other receipts from the securities and other investments and deposit them subject to the instructions of the board or its representative;
- (3) reinvest the receipts on the direction of the board or its representative;
- (4) maintain accounting records and prepare reports as may be required for use by the fund and the state board of accounts; and
- (5) perform other services for the board which are appropriate and customary for the custodian.

(c) The custodian is responsible for all securities held in the name of its nominee for the fund.

As added by Acts 1976, P.L.111, SEC.1. Amended by P.L.41-1983, SEC.13; P.L.46-1988, SEC.12; P.L.72-2003, SEC.2.

IC 21-6.1-3-14

Repealed

(Repealed by P.L.41-1983, SEC.15.)

IC 21-6.1-3-15

Receipts from securities

Sec. 15. Receipts from Securities. All income and other receipts from securities may be:

- (1) collected by the custodian bank or safekeeping bank approved for that purpose by the board and deposited in the custodial account or a checking account of the board;
- (2) reinvested from the custodial account or checking account when the board determines that the receipts may be safely invested; or
- (3) withdrawn by the board for the immediate needs of the fund from the checking account or custodial account and then deposited with the state treasurer, as required for other moneys coming into the fund.

As added by Acts 1976, P.L.111, SEC.1.

IC 21-6.1-3-16

Repealed

(Repealed by P.L.41-1983, SEC.15.)

IC 21-6.1-3-17

Repealed

(Repealed by Acts 1982, P.L.37, SEC.6.)

IC 21-6.1-3-18**Conflicts of interest**

Sec. 18. Conflicts of Interest. (a) Except as otherwise provided, no trustee or employee of the board may have any direct interest in the income of any investment made by the board nor may receive any pay or emolument for services connected with any investment made by the board. However, the board may purchase a security or financial interest issued or owned by a custodian bank or trust company or by a subsidiary, parent corporation, or holding company of a custodian bank or trust company.

(b) No trustee or employee may become in any manner an obligor for money loaned by or borrowed from the fund.

As added by Acts 1976, P.L.111, SEC.1. Amended by P.L.195-1999, SEC.26.

IC 21-6.1-3-19**Violations**

Sec. 19. A person who recklessly violates section 9, 11, 15, or 18 of this chapter commits a Class A misdemeanor.

As added by Acts 1976, P.L.111, SEC.1. Amended by Acts 1978, P.L.2, SEC.2104; P.L.221-1985, SEC.5.